

OBJECTIVE:

To ensure that audit activities and reports comply with the U.S. Comptroller General's **Government Auditing Standards – 1994 Revision**. The numbering of this document conforms to the **National Association of Local Government Auditors 1995 Quality Control Review Guide**.

REVIEW SIGN-OFF AND REVIEW NOTES REFERENCE

REVIEWER	SIGNATURE	DATE	REVIEW NOTES REFERENCE
FIRST Audit Standards Review (performed upon completion of risk assessment to ascertain that the audit staff has complied with the applicable general and planning standards as described in the Audit Standards Plan)			
SECOND Audit Standards Review (performed upon completion of fieldwork to ascertain that the audit staff has complied with the applicable general and fieldwork standards as described in the Audit Standards Plan)			
FINAL Audit Standards Review (performed upon completion of the audit report to ascertain that the audit staff has complied with the applicable general and reporting standards as described in the Audit Standards Plan)			
In-Charge Auditor			
Supervising Auditor			
Independent Report Reviewer			
City Auditor			

GENERAL STANDARDS

QUALIFICATIONS

The first general standard is:

The staff assigned to conduct the audit should collectively possess adequate professional proficiency for the tasks required.

GENERAL STANDARDS ON QUALIFICATIONS	OFFICE OF THE CITY AUDITOR'S CONTROLS TO ENSURE COMPLIANCE	WORKPAPER REFERENCE
1. Audit staff, including any outside consultants, should collectively have the knowledge and skills necessary to conduct an audit. Staff should also have thorough knowledge of government auditing and of the unique environment in which the audited entity operates. (GAS 18-21: 3.4, 3.5, 3.10)	<ul style="list-style-type: none">• Job classifications contain minimum 2-04 for education, coursework, work experience, knowledge, and skills necessary to conduct audits.• Procedure No. 2-04 ensures that auditors satisfy GAS continuing education requirements.• Procedure No. 4-01 requires auditors, including any consultants, to prepare a Staff Advisement Sheet prior to being assigned to an audit. The advisement sheet requires a Supervising Auditor to assess the auditor's qualifications and the City Auditor to approve or disapprove of the assignment.	Job descriptions and minimum requirements are located in central office files. Training files are located in central office files. Staff Advisement Sheet: W/P # _____
2. The audit organization should have a continuing education and training program, and maintain documentation of education and training completed by staff. Staff should complete 80 hours of education every two years—at least 20 hours in any one year and 24 hours directly related to government (GAS 19, 20: 3.6-3.9)	<ul style="list-style-type: none">• Procedure No. 2-04 ensures that auditors satisfy GAS continuing education requirements.	Training files are located in central office files.

INDEPENDENCE

The second general standard is:

In all matters relating to the audit work, the audit organization and the individual auditors, whether government or public, should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance.

GENERAL STANDARDS ON INDEPENDENCE	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
3. The organization is responsible for having policies and procedures in place to help determine if auditors have any personal impairment to independence. Auditors are responsible for notifying the appropriate official within their audit organization when they have impairments.	<ul style="list-style-type: none"> Procedure No. 4-01 requires that prior to assignment, auditors, and any consultants, should complete and sign the Staff Advisement Sheet, which requires them to identify any potential impairment. It also alerts staff that they are to notify the City Auditor's Office of any impairment that may arise during the assignment. 	Staff Advisement Sheet: W/P # _____
4. If there is one or more impairment to independence, auditors should decline to perform the audit, or when auditors cannot decline to perform the audit, their impairment (s) should be reported in the scope section of the audit report.(GAS 22: 3.14)	<ul style="list-style-type: none"> If the auditor identifies any potential impairments on the Staff Advisement Sheet, Procedure No. 4-01 requires the Supervising Auditor to assess whether any impairment can be mitigated; and the City Auditor to approve or disapprove the assignment. Procedure No. 5-07A, requires a statement of any impairments in the audit scope section of the audit report. 	Staff Advisement Sheet: W/P # _____ If applicable, describe any impairment in the audit scope section of the audit report: W/P # _____
5. Audit organization should be free from external and organizational impairments to independence. (GAS 24-27: 3.17-3.25)	<ul style="list-style-type: none"> Section 805 of the City Charter establishes the Office of the City Auditor and provides for organizational independence. Organizational independence is achieved because the City Auditor is appointed by and reports directly to the City Council. 	See procedure 1-01 (City Auditor Role and Responsibilities).

DUE PROFESSIONAL CARE

The third general standard is:

Due professional care should be used in conducting the audit and in preparing related reports.

GENERAL STANDARD ON <u>DUE PROFESSIONAL CARE</u>	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>6. Due care imposes a responsibility upon each auditor to observe Government Auditing Standards. Auditors should use sound judgment in determining the standards that apply to work to be conducted. When standards do not apply or cannot be followed, this fact should be documented in the scope section of the audit report, along with reasons and the known effect on audit results. Exercising due professional care also means using sound judgment in establishing the scope, methodology, tests, and procedures for the audit, and in conducting the audit and reporting the audit results. (GAS 27-28: 3.27-3.30)</p>	<ul style="list-style-type: none"> The Operations Manual includes procedures for conducting preliminary survey, risk assessment, and audit fieldwork, as well as procedures for workpapers and report writing and processing. Evidence that the due care standard was met should include completed and approved APR's for the preliminary survey, risk assessment, field work, and report writing and processing. If any of these phases were not performed, a written justification for not doing so should be included in the workpapers. Procedure No. 5-01 includes procedures to ensure that internal procedures and GAS are followed. The key components of the internal quality control program are: (1) In-charge review; (2) Supervisory review; (3) Independent report review; (4) Audit Standards Review; and (5) an External Quality Control review conducted every two years. The signature page of the Audit Standards Plan documents review and approval at each quality control checkpoint. When standards are not applicable or not followed, Procedure No. 5-07A requires that this be documented in the scope section of the audit report. 	<p>Preliminary Survey APR: W/P # _____</p> <p>Risk Assessment APR: W/P # _____</p> <p>Fieldwork APR: W/P # _____</p> <p>Report Writing/Processing APR: W/P # _____</p> <p>See page 1 of this document. In addition, a copy of the most recent External Quality Control review may be found in the central office files.</p> <p>If a standard is not applicable or followed, the scope section of the audit report should be referenced. W/P # _____</p>

QUALITY CONTROL

The fourth general standard is:

Each audit organization conducting audits in accordance with these standards should have an appropriate internal quality control system in place and undergo an external quality control review.

GENERAL STANDARD ON QUALITY CONTROL	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>7. The internal quality control established by the audit organization should provide reasonable assurance that it: (a) has adopted, and is following, applicable auditing standards and (b) has established, and is following, adequate policies and procedures. (GAS 28, 29: 3.32)</p>	<ul style="list-style-type: none"> Procedure No. 5-01 includes procedures to ensure that internal procedures and GAS are followed. The key components of the internal quality control program are: (1) In-charge review; (2) Supervisory review; (3) Independent report review; (4) Audit Standards Review; and (5) an External Quality Control review conducted every two years. The signature page of the Audit Standards Plan documents review and approval at each quality control checkpoint. 	<p>See page 1 of this document.</p> <p>In-Charge sign-off on workpapers and review notes: W/P # _____</p> <p>Supervising Auditor sign-off on workpapers and review notes: W/P # _____</p> <p>Independent report review notes and a copy of the referenced audit report: W/P # _____</p> <p>Audit Standards review sign-off and review notes: W/P # _____</p>
<p>8. The audit organization should have an external quality control review at least once every three years by an organization not affiliated with the organization being reviewed. (GAS 29-31: 3.33-3.36)</p>	<ul style="list-style-type: none"> The City Charter, Section 805.2 requires the City Council to contract with an independent audit firm, with no other contracts with the City, to conduct a performance audit of the City Auditor's Office at least every two years. 	<p>A copy of the most recent External Quality Control review may be found in the central office files.</p>

NOTE: Items 9-24 on the NALGA Peer Review Guide refer to Financial or Financial-related Audits. The items do not apply to Performance Audits.

PLANNING

Work is to be adequately planned.

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FIELD WORK STANDARDS FOR PERFORMANCE AUDITS: PLANNING (continued)	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
26. Auditors should follow-up on significant findings and recommendations from previous audits that could affect the audit objectives. Much of the benefit from audit work is not in the findings reported or recommendations made, but in their effective resolution. Audit management is responsible for resolving audit findings and recommendations, and having a process to track their status can help it fulfill this responsibility. If management does not have such a process, auditors may wish to establish their own. Continued attention to material findings and recommendations can help auditors assure that the benefits of their work are realized. (GAS 68: 6.12, 6.13)	<ul style="list-style-type: none"> • To ensure that audit recommendations from prior audits are implemented in a timely manner, the City Auditor's Office assesses the status of recommendations that have not been implemented on a semiannual basis. A written report summarizing the status of these recommendations is then issued to the City Council. The recommendation follow up process is described in detail in Procedure No. 4-05. 	Copies of quarterly recommendation follow-up reports are kept in central office files.
27. Auditors should determine if other auditors have previously done, or are doing, audits of the program or the entity that operates it. If auditors intend to rely on the work of other auditors, or the work of nonauditors, they should perform procedures that provide a sufficient basis for that reliance. (GAS 68, 69: 6.14-6.16)	<ul style="list-style-type: none"> • To ensure that the work of other auditors is considered, Procedure No. 5-04 requires the auditors to obtain and review any work of other auditors during preliminary survey. 	Preliminary Survey APR: W/P # _____
28. Staff planning should include: (a) Assigning staff with appropriate skills and knowledge for the job. (b) Assigning an adequate number of experienced staff and supervisors to the audit. Consultants should be used when necessary. (c) Providing for the on-the-job training of staff. (GAS 69: 6.17)	<ul style="list-style-type: none"> • Procedure No. 4.01 is the process followed for assigning staff to audits. As cited in this procedure, staff is assigned to audits based on availability, complexity of assignments, skills, and opportunity for professional growth. The procedure requires the Supervising Auditors to assign staff based on the above factors and the City Auditor approves or disapproves all assignments. The Staff Assignment Sheet (Procedure No. 4-01-1) documents the staff assignment process. 	Staff Advisement Sheet: W/P # _____ Staff Assignment Sheet: W/P # _____

FIELD WORK STANDARDS FOR PERFORMANCE AUDITS: PLANNING (continued)	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
29. A written audit plan should be prepared for each audit. The plan should: (a) Include an audit program or other appropriate documentation of key decisions about the audit objectives, scope, and methodology and the auditors' basis for those decisions; and (b) be updated as necessary to reflect any significant changes to the plan during the audit. (GAS 70, 71: 6.19-6.21)	Procedure No. 4-03 requires the audit team to prepare an audit program for each phase of the audit: Audit administration; preliminary survey; risk assessment; field work; and report writing. The procedure also requires the audit program to include the audit objectives and the audit steps to complete to satisfy the audit objective. In addition, this procedure includes reporting progress in accomplishing the audit objectives, and requires management approval for adding or deleting audit objectives and audit steps.	Preliminary Survey APR: W/P # _____ Risk Assessment APR: W/P # _____ Fieldwork APR: W/P # _____ Report Writing/Processing APR: W/P # _____

SUPERVISION

The second field work standard for performance audits is:

Staff are to be properly supervised.

FIELD WORK STANDARDS FOR PERFORMANCE AUDITS: <u>SUPERVISION</u>	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>30. Staff is to be properly supervised. Supervision involves directing the efforts of auditors and others who are involved in the audit to determine whether the audit objectives are being accomplished. Elements of supervision include instructing staff members, keeping informed of significant problems encountered, reviewing the work performed, and providing effective on-the-job training. Supervisors should satisfy themselves that staff members clearly understand what they are to do, why the work is to be conducted, and what it is expected to accomplish. (GAS 71, 72, 87: 6.22-6.25, 6.64)</p>	<ul style="list-style-type: none"> • Procedure No. 4-03 requires auditors to update the result section of the audit program. The updates include summaries of work performed on each audit objective. These updates are sent to the Supervising Auditor and the City Auditor. • Procedure No. 4-04 requires auditors to update the audit budget. The updates include a comparison of the time actually spent on audit objectives versus the amount of time planned to complete each audit objective. The updated audit budget is sent to the Supervising Auditor and the City Auditor. • Biweekly meetings are held with the City Auditor, Supervising Auditor, and audit team. The following issues are discussed at these meetings: progress in completing the audit objectives, changes to the audit objectives, potential audit issues, audit schedule, and any problems incurred. • Procedure No. 5-03 requires the in-charge auditor and the Supervising Auditor to review working papers to ensure that work is progressing and in accordance with procedures. 	<p>APRs for the various phases of the audit – see item 29 above.</p> <p>Audit Budget and periodic updates: W/P # _____</p> <p>Biweekly meeting schedules and notes: W/P # _____</p> <p>In-charge and Supervising Auditor Review notes and sign-off: W/P # _____</p>

LEGAL & REGULATORY REQUIRMENTS

The third field work standard for performance audits is:

When laws, regulations, and other compliance requirements are significant to audit objectives, auditors should design the audit to provide reasonable assurance about compliance with them. In all performance audits, auditors should be alert to situations or transactions that could be indicative of illegal acts or abuse.

FIELD WORK STANDARDS FOR PERFORMANCE AUDITS: <u>LEGAL & REGULATORY REQUIREMENTS</u>	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>31. When laws, regulations, and other compliance requirements are significant to audit objectives, auditors should design the audit to provide reasonable assurance about compliance with them. In all performance audits, auditors should be alert to situations or transactions that could be indicative of illegal acts or abuse. This requires determining if laws and regulations are significant to the audit objectives and, if they are, assessing the risk that significant illegal acts could occur. Auditors may find it necessary to rely on the work of legal counsel. When information comes to the auditors' attention indicating possible illegal acts or abuse, auditors should extend the audit steps and procedures, as necessary: (a) to determine if the acts have or are likely to have occurred, or if the abuse occurred; and (b) if so, to determine the effect on the audit results. There is no guarantee that an audit conducted in accordance with GAS will discover illegal acts or abuse. Also, because abuse—defined as conduct of a government program that falls far short of societal expectations for prudent behavior—is so subjective, auditors are not expected to provide reasonable assurance of detecting it. (GAS pages 72-77: 6.26-6.38)</p>	<ul style="list-style-type: none"> • Procedure No. 5-04 requires auditors during the preliminary survey to determine if laws, regulations, and other compliance requirements are significant to the audit objectives. • Procedure No. 5-05 requires the auditors to include in the Risk Assessment an assessment of the risk that illegal acts could occur and consideration of whether the auditee has controls that are effective in preventing or detecting illegal acts. • Procedure No 5-03-06A requires the auditors to include audit steps in the Audit Program that provide reasonable assurance about compliance with laws and regulations that are significant to audit objectives. 	<p>Preliminary Survey APR: W/P # _____</p> <p>Risk Assessment APR: W/P # _____</p> <p>Field Work APR (if applicable): W/P # _____</p> <p>Compliance Checksheet (if applicable): W/P # _____</p>

FIELD WORK STANDARDS FOR PERFORMANCE AUDITS: <u>LEGAL & REGULATORY REQUIREMENTS</u> , continued	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>32. Auditors should exercise due professional care in pursuing indications of possible illegal acts so as not to interfere with potential investigations, legal proceedings, or both. This may include reporting to law enforcement or investigatory authorities before extending audit steps or procedures, or withdrawing from or deferring further audit work. (GAS 74-75: 6.33)</p>	<ul style="list-style-type: none"> • Procedure No. 5-06 states that auditors should be alert to situations that could be indicative of abuse or illegal acts. • Procedure No. 5-09 states that when information comes to the auditor's attention that abuse or illegal acts may have occurred, the auditor should promptly notify the City Auditor and the Supervising Auditor. In consultation with the City Auditor and Supervising Auditor, the auditor should extend steps and procedures, as necessary to determine: whether the acts occurred, and if so, the extent to which these acts significantly affect the audit results. The City Auditor will determine whether a referral should be made to the Police Department and/or the City Attorney. 	<p>Field Work APR: W/P # _____</p> <p>Memos to the City Auditor, auditee management, City Attorney, and Police Department, if applicable: W/P # _____</p>

MANAGEMENT CONTROLS

The fourth field work standard for performance audits is:

Auditors should obtain an understanding of management controls that are relevant to the audit. When management controls are significant to the audit objectives, auditors should obtain sufficient evidence to support their judgments about those controls.

FIELD WORK STANDARDS FOR PERFORMANCE AUDITS: <u>MANAGEMENT CONTROLS</u>	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
33. Auditors should obtain an understanding of management controls that are relevant to the audit. When management controls are significant to the audit objectives, auditors should obtain sufficient evidence to support their judgments about those controls. (GAS 77-80: 6.39-6.45)	<ul style="list-style-type: none">Procedure No. 5-03 requires the auditors to perform a risk assessment. The risk assessment process includes: identifying significant threats facing the program being audited; identifying the controls or procedures in place to prevent the threats from occurring; assessing the likelihood that the controls would prevent the threats from occurring; and developing an audit program to test whether the controls are working properly.	Risk Assessment APR: W/P # _____

EVIDENCE

The fifth field work standard for performance audits is:

Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the auditors' findings and conclusions. A record of the auditors' work should be retained in the form of working papers. Working papers should contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from them the evidence that supports the auditors' significant conclusions and judgments.

FIELD WORK STANDARDS FOR PERFORMANCE AUDITS: EVIDENCE	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>34. Obtain sufficient, competent, and relevant evidence. Working papers should contain:</p> <ul style="list-style-type: none"> (a) the objectives, scope, and methodology, including any sampling criteria used; (b) documentation of the work performed to support significant conclusions and judgments; and (c) evidence of supervisory review of the work performed. <p>(GAS pages 80-87: 6.46-6.65)</p>	<ul style="list-style-type: none"> • Procedure No. 5-02 establishes a standardized method for preparing and indexing workpapers. The objectives of the workpaper organization are to: (1) provide a clear audit trail so that any reviewer can easily verify what was done, why it was done and the conclusions that resulted; (2) organize workpapers according to audit issues; (3) cross-reference workpapers to the audit program; and (4) provide evidence to support any findings. • Procedure 5-01 requires the following internal reviews to ensure that the evidence standard is met. These internal reviews include: (1) Supervisory review of workpapers to ensure that the workpapers conform to Procedure No. 5-02; (2) Independent report review to ensure that the workpapers support all statements in the report; (3) Government Audit Standards Review to ensure that procedures were followed. 	<p>In-Charge Workpaper Review Notes: W/P # _____</p> <p>Supervising Auditor Workpaper Review Notes: W/P # _____</p> <p>Independent Report Review: W/P # _____</p> <p>Audit Standard Review – see first page of this document.</p>

FIELD WORK STANDARDS FOR PERFORMANCE AUDITS: EVIDENCE, continued	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>35. Assess reliability of computer-processed data when it is significant to the audit; cite source of informational data (GAS 86: 6.62).</p>	<ul style="list-style-type: none"> • Procedure No. 5-04 requires auditors to assess, during the preliminary survey, whether computer-processed data is an important or integral part of the program or activity being audited. • Procedure Nos. 5-05 and 5-08 require auditors, if computer-processed data is an important or integral part of the program or activity being audited, to perform a risk assessment on the reliability and validity of computer-processed data. This procedure requires the auditors to use the guidelines for assessing threats to the accuracy and reliability of computer-processed data and for determining the extensiveness of data testing based on planned use of that data. • Procedure No. 5-06 requires auditors, if it is determined that computer-processed data is important or integral to the audit and the data is crucial to accomplishing the audit objectives, the auditors should ascertain that the data is relevant and reliable. To determine the reliability of data, the auditors may either conduct a review of the general and application controls or conduct other tests as necessary. 	<p>Preliminary Survey APR: W/P # _____</p> <p>Risk Assessment APR: W/P # _____</p> <p>Audit Field Work APR: W/P # _____</p>

**REPORTING STANDARDS FOR
PERFORMANCE AUDITS**

FORM

The first reporting standard for performance audits is:

Auditors should prepare written audit reports communicating the results of each audit.

REPORTING STANDARDS FOR PERFORMANCE AUDITS: <u>FORM</u>	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
36. Auditors should prepare written audit reports communicating the results of each audit. When the audit is terminated prior to completion, the auditor should inform the auditee and other appropriate officials by preparing a memorandum summarizing the results of work conducted and explaining why the audit was terminated. (GAS 88: 7.2-7.5)	<ul style="list-style-type: none">• Procedure No. 5-07 describes the process for issuing written audit reports in accordance with GAS.• When an audit is terminated prior to completion, Procedure No. 5-07A requires the in-charge auditor to send a memorandum to the auditee explaining why the audit was terminated.	Referenced final copy of the report: W/P # _____ Memorandum explaining why the audit was terminated, if applicable: W/P # _____

TIMELINESS

The second reporting standard for performance audits is:

Auditors should appropriately issue the reports to make the information available for timely use by management, legislative officials, and other interested parties.

REPORTING STANDARDS FOR PERFORMANCE AUDITS: <u>TIMELINESS</u>	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>37. Auditor should appropriately issue the reports to make the information available for timely use by management, legislative officials, and other interested parties. Auditors should consider interim reporting, during the audit, of significant matters to appropriate officials. (GAS 89: 7.6-7.8)</p>	<p>To ensure that audit reports are available for timely use by management, legislative officials, and other interested parties, the City Auditor's Office has project management controls, report processing controls and procedures to inform the City Council on the status of audits. These controls include:</p> <ul style="list-style-type: none"> • Procedure No. 4-03 requires auditors to update the results section of the audit program every two weeks. • Procedure No. 4-04 requires auditors to update the audit budget every two weeks. • Biweekly meetings are held with the City Auditor, Supervising Auditor, and audit team to discuss the progress in completing the audit objectives, changes to the audit objectives, potential audit issues, audit schedule, and any problems incurred. • The audit report production process is described in Procedure 5-07. One of purposes of this procedure is to provide for the orderly and timely issuance of audit reports. • Prior to the new fiscal year, the City Auditor's Office prepares an Annual Workplan based on recommendations from the Finance Committee. The workplan identifies the audits that the City Auditor's Office proposes to work on during the year. • During the year, the Office reports monthly to Finance Committees on the status of audit assignments. These reports identify the planned issuance dates for audits in progress. 	<p>APRs for all phases of the audit. W/P # _____</p> <p>Audit budget: W/P # _____</p> <p>Summaries of biweekly meetings: W/P # _____</p> <p>Audit production logs are located in central office files.</p> <p>Copies of the Auditor's Annual Workplan are located in central office files.</p> <p>Copies of the Auditor's Monthly reports are located in the central office files.</p>

REPORT CONTENTS

The third reporting standard for performance audits is:

Auditors should report the audit objectives and the audit scope and methodology.

REPORTING STANDARDS FOR PERFORMANCE AUDITS: <u>REPORT CONTENTS</u>	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
38. Auditors should report the audit objectives and the audit scope and methodology. (GAS 89, 90: 7.10-7.16)	<ul style="list-style-type: none"> Procedure No. 5-07A requires a statement of the audit objectives and the audit scope and methodology. 	Referenced copy of the scope and methodology section of the final report: W/P # _____
39. Auditors should report significant audit findings, and where applicable, auditors' conclusions. Auditors should report recommendations for actions to correct the problems and to improve operations. Auditors should also report the status of uncorrected significant findings and recommendations from prior audits that affect the objectives of the current audit. (GAS 91-92: 7.17-7.23)	<ul style="list-style-type: none"> Procedure No. 5-07A requires audit findings to include criteria, condition, cause, effect, and recommendations. On a quarterly basis, the City Auditor's Office reviews the status of recommendations that have not been implemented. A written report summarizing the status of the recommendations is issued to the City Council. 	Referenced copy of the final audit report: W/P # _____ Copies of the Auditor's Quarterly Recommendation Follow-up reports are located in the central office files.
40. Auditors should report that the audit was made in accordance with generally accepted government auditing standards. If auditors did not follow an applicable standard, they should report in the scope section (a) the applicable standard that was not followed, (b) the reasons therefore, and (c) how not following the standard affected the results of the audit. (GAS 92: 7.24, 7.25)	<ul style="list-style-type: none"> Procedure No. 5-07A requires a statement that the audit was conducted in accordance with generally accepted government auditing standards. Procedure No. 5-07A requires that the scope section include a statement that a standard was not followed. 	Referenced copy of the Introduction of the final report: W/P # _____ If a standard was not followed, reference the statement in the scope section in the final draft report: W/P # _____

REPORTING STANDARDS FOR PERFORMANCE AUDITS: <u>REPORT CONTENTS</u> , continued	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>41. Auditors should report significant instances of noncompliance and all significant instances of abuse that were found during or in connection with the audit. In some circumstances, auditors should report illegal acts directly to parties' external to the audited entity. When auditors report indications of illegal acts to law enforcement or investigatory authorities, they should consult those authorities and/or legal counsel before reporting about the illegal acts, and should limit their reporting to matters that would not compromise an investigation or legal proceedings. When auditors detect nonsignificant instances of noncompliance, they should communicate them to the auditee, preferably in writing. If the auditors have communicated such instances of noncompliance in a management letter to top management, they should refer to that management letter in the audit report. Auditors should document in their workpapers all communications to the auditee about noncompliance. (GAS 93-95: 7.26-7.33)</p>	<ul style="list-style-type: none"> • Procedure No. 5-09 requires reporting of all significant instances of noncompliance, subject to consultation with the City Attorney and the Police Department. Procedure No. 5-09 also requires reporting of nonsignificant instances of noncompliance in a management letter to the auditee. • The final audit standards review, described in Procedure No. 5-01, requires a review of the audit report to ensure that all significant instances of noncompliance are reported. 	<p>Memoranda and audit report sections pertaining to findings of noncompliance and abuse. W/P # _____</p> <p>Final Audit Standards Review – see page 1 of this document.</p>
<p>42. Auditors should report the scope of their work on management controls and any significant weaknesses found during the audit. (GAS 95: 7.34-7.37)</p>	<ul style="list-style-type: none"> • Procedure No. 5-07, Attachment 5-07A, requires reporting of the internal controls assessed and any significant internal weaknesses found during the audit. • The audit standards review, Procedure No. 5-01, requires a review of the audit report to ensure that the scope of internal controls assessed and any significant internal control weaknesses are reported. 	<p>Finding Development Sheets: W/P # _____</p> <p>Scope and Methodology section of the final report: W/P # _____</p> <p>Final Audit Standards Review – see first page of this document.</p>

REPORTING STANDARDS FOR PERFORMANCE AUDITS: <u>REPORT CONTENTS</u>, continued	OFFICE OF THE CITY AUDITOR'S CONTROLS	WORKPAPER REFERENCE
<p>43. Auditors should report the views of responsible officials of the audited program concerning auditors' findings, conclusions, and recommendations, as well as corrections planned. (GAS 95, 96: 7.38-7.42)</p>	<ul style="list-style-type: none"> • Procedure No. 5-07, Attachment 5-07A, requires reporting of the views of the responsible officials of the audited program concerning the auditors' findings, conclusions, and recommendations, as well as corrections planned. • The audit standards review, Procedure No. 5-01, requires a review of the audit report to ensure that the views of responsible officials are reported. 	<p>Auditee response was included in the final report: W/P # _____</p> <p>Final Audit Standards Review – see first page of this document.</p>
<p>44. Auditors should report noteworthy accomplishments, particularly when management improvements in one area may be applicable elsewhere. (GAS 96, 97: 7.43, 7.44)</p>	<ul style="list-style-type: none"> • Procedure No. 5-04, Attachment 5.04C requires the auditors to request information on the auditees' noteworthy accomplishments during the preliminary survey phase of the audit. • Procedure No. 5-07, Attachment 5-07A, requires reporting of the auditees' noteworthy accomplishments. • The audit standards review, Procedure No. 5-01, requires a review of the audit report to ensure that the auditee's noteworthy accomplishments are reported. 	<p>Request for information on the auditees' noteworthy accomplishments: W/P # _____</p> <p>Program accomplishments memo and audit report sections pertaining to the auditees' noteworthy accomplishments: W/P # _____</p> <p>Final Audit Standards Review – see page 1 of this document.</p>

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<p>45. Auditors should refer significant issues needing further audit work to the auditors responsible for planning future audit. When appropriate, auditor should also disclose the issues in the report and reasons the issues need further study. (GAS 97: 7.45, 7.46)</p>	<ul style="list-style-type: none"> • Procedure No. 5-07, Attachment 5-07A requires reporting of significant issues needing further study. • Procedure No. 5-01 requires a review of the audit report to ensure that this standard is met. 	<p>Memoranda reporting to the City Auditor any significant issues needing further study, if applicable: W/P # _____</p> <p>Final Audit Standards Review – see page 1 of this document.</p>
<p>46. If certain information is prohibited from general disclosure, auditors should report the nature of the information omitted and the requirement that makes the omission necessary. (GAS 97: 7.47-7.49)</p>	<ul style="list-style-type: none"> • Procedure No. 5-07, Attachment 5-07A, requires a statement of omission for any privileged or confidential information. • The audit standards review, Procedure No. 5-01, requires a review of the audit report to ensure that any omissions are properly reported. 	<p>Audit Report section discussing any omission of privileged or confidential information, if applicable: W/P # _____</p> <p>Final Audit Standards Review – see page 1 of this document.</p>

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<p>47. The report should be complete, accurate, objective, convincing, and as clear and concise as the subject permits. (GAS 98-101: 7.50-7.65)</p>	<ul style="list-style-type: none"> • Procedure No. 5-01 both an independent report review and an audit standards review to ensure that the report is complete, accurate, objective, convincing, and as clear and concise as the subject permits. • Procedure No. 5-07 addresses aspects of the report process including: preparation of finding worksheets to develop a report outline, the pre-draft conference, standardized report formats and statements, drafting reports, various edits, report draft conferences with auditees, legal reviews, independent report reviews, report distribution, and the auditing standard review (For details on this procedure, see Procedure No. 5-07A, 5-07G-1, and 5-07H) 	<p>Independent Report Review notes: W/P # _____</p> <p>Final Audit Standards Review -- see first page of this document.</p> <p>Audit Report Writing APR. W/P # _____</p>

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48. Written audit reports are to be submitted by the audit organization to the appropriate officials of the organizations requiring or arranging for the audits, including external funding organizations, unless legal restrictions prevent it. Copies of the report should also be sent to other officials who have legal oversight or who may be responsible for acting on audit findings and recommendations and to others authorized to receive such reports. Unless restricted by law or regulation, copies should be made available for public inspection. (GAS 101, 102: 7.66-7.69)	<ul style="list-style-type: none">• Procedure No. 5-01 addresses the distribution of audit reports. This procedure requires that audit reports are first distributed to the City Council, then to the City Administration, and finally to the public. In general, the initial reports are distributed on the same day, with others distributed on a request basis.• The Executive Assistant to the City Auditor is responsible for the audit report mailing list. Upon request, members of the public receive a copy of the audit report or the executive summary.• The Executive Summary is available on the Internet.	<p>Report distribution list in the cover letter to the Audit Report: W/P # _____</p> <p>No reference required.</p> <p>See http://www.ci.san-jose.ca.us/auditor/www.html</p>